

AFC record investment brings new hope to Guinea mining

A record investment of US\$ 205million by an international consortium, including the Africa Finance Corporation (AFC), to develop a high-grade bauxite mine in Guinea is generating new hope in this West African country.

Guinea was one of three states in the sub-region that were stricken by the Ebola crisis in 2014. The economy of this nation of 10.5 million people was virtually destroyed both by the effects of the disease as well as the international isolation engendered by the illness. This is the largest foreign investment in the country post Ebola.

Guinea's President, Alpha Conde, accompanied by the country's Minister of Mines, Abdoulaye Magassouba, local chiefs and international dignitaries attended the ground-breaking ceremony on February 3 at the mine site, Bel Air which is conveniently only 15 kilometres from the country's Atlantic coast.

The UK's Alufer Mining Company holds the ratified mining convention and is planning to produce five million tonnes of bauxite per annum from Bel Air by the third quarter of 2018. The increase in production of this scale would increase Guinea's total output, currently at around 18 million tonnes, by more than a quarter. Bauxite is primarily used in the production of aluminium.

The bauxite at Bel air has been described as very high quality and capable of fetching premium prices in global markets, particularly in China which is currently remodelling its industrial output towards domestic consumer production. The current demand for aluminium is outpacing supply.

Guinea currently has around 33% of the world's reserves of bauxite. Alufer also holds licences linked to the Labe Project in central Guinea. Both projects are believed to hold over three billion tonnes of resources.

The company began exploration in 2011 but it was not until last year that all the contractual issues, feasibility studies and paper work had been sorted out. Bernie Pryor, CEO of Alufer said: "Financing projects such as Bel Air in this short timeframe is rare in the mining sector. We only completed our definitive feasibility study in May 2016 and to secure funding within seven months is an incredible achievement. I am convinced that this demonstrates the quality of the project and our team. Looking forward, we are committed to taking the project to commercial production as soon as is practical."

Construction of related infrastructure is believed to be already underway with first commercial production scheduled for Q3 2018. This will be followed by ramp-up to first phase capacity of 5.5 million tonnes with the potential to expand to 10 million tonnes per annum.

The AFC, which is celebrating 10 years since its founding as a dedicated African infrastructure investment institution, is the sole African private sector investor in the project. The investment grade rated organisation has been rapidly gaining an international reputation as perhaps the soundest investor in this sector based on its deep knowledge of the African infrastructure landscape.

The AFC has also gained invaluable experience in building and developing African economies that have suffered conflict and crisis. For example, it has been instrumental in the reconstruction of Cote d'Ivoire's economy following the country's civil war through investments such as the Henri Konan Bridge; and in Liberia AFC financed the post Ebola rebuilding of fuel import and storage facilities damaged by the country's long running civil conflicts. Its investment in Guinea's infrastructure will help to rebuild and diversify the economy following the Ebola crisis.

Oliver Andrews, the AFC's Chief Investment Officer said: "As global demand for aluminium increases, AFC is proud to be the sole private sector African investor in the Bel Air Mine, developing a world class mine that adheres to best practise environmental principles. We are also encouraged to see that Alufer has been working with the local community to develop sustainable projects which assist in the provision of drinking water, as well as development of local infrastructure and job creation".

Alufer has signed a six year off-take agreement with Orion Mine Finance, market the product and secure revenue during the ramp-up. China is expected to be the biggest market for the bauxite. Its aluminium production has increased 400% over the past five years leading to a vast expansion of its smelting capacity, currently at around 50 million tonnes. However, the declining quality of domestic bauxite in China as well as diminishing supplies of high-grade ore globally has increased the impetus for refiners to secure long term supplies. The increased production from Guinea will come as a relief to Chinese refiners and aluminium off-takers.

Mining accounts for around 70% of Guinea's exports. In addition to its huge reserves of bauxite, the country also has one of the largest untapped iron-ore reserves in the world and also substantial amounts of gold and diamonds. These minerals still await full development.

Perhaps with an investor such as AFC with its deep understanding and commitment to African development taking the lead, countries like Guinea can finally enjoy the full benefits of its natural endowments.

Note to Editors

About AFC - www.africafc.org

AFC is a dynamic, international investment grade multilateral finance institution whose mission it is to help bridge Africa's significant infrastructure gap whilst delivering competitive financial returns, robust economic growth and positive social impact.

Established in 2007 to be the catalyst for private sector infrastructure investment across Africa, AFC is now the second highest investment grade rated multilateral financial institution in Africa with an A3/P2 (Stable outlook) rating from Moody's Investors Service. A successful borrowing programme has raised more than US\$3.5 billion for AFC's activities, including the Corporation's debut US\$750 million Eurobond issue which was over 6 times oversubscribed. In terms of impact, AFC has invested more than US\$ 4 billion in projects across 26 African countries to date.

AFC's investment approach combines specialist industry expertise with a focus on financial and technical advisory, project structuring, project development and risk capital tailored to addressing Africa's unique infrastructure development needs in the core sectors of power, natural resources, heavy industry, transport, and telecommunications.

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